

**SUGGESTED REMARKS
FOR THE DOF-BIR-DOJ TRAINING
IN SUPPORT OF THE RATE PROGRAM
DARYL VEAL
LEGAL & REGULATORY ADVISOR, USAID
Asian Institute of Management, Makati City
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Chief State Prosecutor Jovencito Zuno;

BIR Commissioner Willie Parayno;

Undersecretary Noel Bonoan;

Prosecutors;

Investigators and Representatives
of Participating Agencies

Good Morning.

On behalf of the United States Agency for
International Development and the U.S.

Government team in the Philippines, I would
like to offer my best wishes to all of you
as you embark on this important training
activity.

I understand you are all part of the "Run After Tax Evaders" Program, or simply, the "RATE" Program. I know that this training program was designed to provide you with the appropriate tools and skills to investigate, prosecute and punish tax evaders in this country. Your management and supervisors worked closely with USAID's technical specialists from the Rule of Law Effectiveness Project to make sure that you were provided with the latest and most modern techniques and procedures.

As a former prosecutor, I understand the importance of this training.

You are all well aware that the financial difficulties afflicting the Philippines have

been linked to the problems of lower than expected revenue collection and widespread tax evasion. As a result, the government's capacity to fund important programs and services is severely compromised.

Through the RATE program, you have a unique opportunity to turn the tide and reverse this trend. Every tax evasion case you successfully investigate and prosecute will show to violators that they can no longer flout the law with impunity.

Successful administration and enforcement of the Republic's tax laws sends a message of deterrence that says tax fraud and evasion will not be tolerated in the Philippines.

Experience has shown that behavior can be modified by changes in the perception of risk associated with a particular activity. As your efforts become effective, evading taxes will become such a high-risk activity that the gains will not be worth the risk of being caught and prosecuted.

From personal experience, I can tell you that in the United States the enforcement arm of Internal Revenue Service is one of the most feared and respected law enforcement agencies. There is no reason why this should not be the case for the BIR's Revenue Integrity Protection Service.

You and your colleagues in the RATE program have already made an impact. Only months

into RATE's implementation, increased compliance has become evident. For the month of April, 2005, the Bureau of Internal Revenue exceeded its revenue target. This provided the national government with a budget surplus for the month.

Current projections indicate that the Philippine Government may be well on its way to meeting its full year deficit reduction target, possibly with some room to spare. It is hard to argue with success. I congratulate Secretary Purisima, Commissioner Parayno and Undersecretary Bonoan for making this training happen.

I also wish to congratulate the Department of Justice for its strong support for the RATE program. As the program's cutting edge, DOJ prosecutors are in a unique position to ensure that early gains are sustained and the ultimate objective to increase revenues are attained.

I hope that the partnership between the DOJ and the BIR will also be successful in the prosecution of corrupt government officials and money-launderers.

Experience has shown that these crimes go hand-in-hand with tax fraud and tax evasion.

I have yet to meet a criminal who declared the financial proceeds of his criminal activities on his or her tax return.

On behalf of the U.S. Government team in the Philippines, I would like to express my appreciation for the opportunity to be part of this important effort. The RATE program is already a success, but sustainability is a key challenge moving forward. The U.S. Government is proud to support the Philippine Government's efforts to promote respect for the rule of law and facilitate genuine economic development.

Thank you and good luck.

